

Exhibit A



**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY**

SHANNON PHILLIPS

Plaintiff

v.

STARBUCKS CORPORATION d/b/a/
STARBUCKS COFFEE COMPANY

Defendant

:
:
: CIVIL ACT. NO. 19-19432
:
: JURY TRIAL DEMANDED
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:
:
:
:
:
:

Updated Expert Report
by

Stephen J. Scherf, CPA/CFF, CFE

June 4, 2021



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SHANNON PHILLIPS V. STARBUCKS CORPORATION

I am engaged by Console Mattiacci Law, LLC (“Counsel”) on behalf of its client, Shannon Phillips (“Phillips” or “Plaintiff”), to perform calculations of the economic damages sustained by Plaintiff. These damages are a result of alleged discrimination under federal and New Jersey laws on the part of Starbucks Corporation (“Starbucks” or “Defendant”). My calculation of damages does not include any calculations for past and future pain and suffering nor punitive damages related to Ms. Phillips’ claims as that is for the finder of fact to determine. For the purpose of my analysis, I have assumed liability on the part of Defendant and as such offer no opinions on liability.

This report sets out the results of my analysis structured as follows:

1. Introduction and Background
2. Basis for Analysis
3. Analysis
4. Conclusions
Appendices
Exhibits

1. INTRODUCTION AND BACKGROUND

My understanding of the background of the case is based on the Complaint and set out in the following section.

Starbucks hired Ms. Phillips in or about December, 2005 as a District Manager based out of Youngstown, Ohio. Plaintiff was promoted in or about 2011 to Regional Director of Operations for a region encompassing Philadelphia and some Pennsylvania suburbs, Southern New Jersey, Delaware and parts of Maryland. On May 9, 2018, Hymes and Pinto formally notified Plaintiff of her termination, effective immediately.

2. BASIS FOR ANALYSIS

The analysis and opinions in this report are based upon my education, my experience in performing similar financial analyses and economic damage calculations, the information and documentation as set out in **Appendix B**, and accepted damages methodologies and approaches. I am a Principal and founding member of Asterion, a consulting firm that provides financial and economic consulting services along four integrated service lines: Forensics, Valuation, Intellectual Property and Performance Optimization. I have been qualified and have presented testimony on numerous occasions, including the presentation of economic damages and financial analysis in courts throughout the United States. I am a Certified Public Accountant, Certified in Financial Forensics (among other designations), and have a Master of Science with a concentration in Finance and an Advanced Professional Certificate in Taxation. Attached, as **Appendix A**, is my current *curriculum vitae* and information concerning testimony history, publications and speaking engagements.

The documents and information utilized in performing this analysis are the types of documents and information experts in my field typically rely upon in performing such an analysis. I and others under my direct supervision have performed the analysis contained in this report with the information available to date. Accordingly, we reserve the right to amend this analysis and report should

additional or updated information become available. If I am requested to testify, I may illustrate my testimony with demonstrative aids such as graphs, charts and/or slides.

Our firm is being compensated at our standard hourly rates for this report. Mr. Scherf's rate is \$495 per hour. This report has been prepared in connection with the above referenced matter and should not be used for any other purpose without our express written consent.

3. ANALYSIS

In conducting this analysis, I considered information including Ms. Phillips' employment history and earnings. In addition, I examined documents produced by parties in this litigation, including historical earnings.

3.1. Past Lost Earnings

In order to calculate Plaintiff's past lost earnings, I have considered her actual historical wages from working at Starbucks for 2016 through 2018 as shown in *Table 1*.

Table 1 – Ms. Phillips W-2 Earnings from Starbucks

Year	Earnings ¹
2016 ²	\$257,822
2017 ³	281,292
2018 ⁴	81,262

¹ Medicare Earnings.

² PHILLIPS00142.

³ PHILLIPS00731 – PHILLIPS00732.

⁴ Through May 9, 2018.

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As part of her compensation at Starbucks, Ms. Phillips received a base salary, a bonus and equity awards targeted at \$50,000⁵ and a merit increase of 3 percent in 2017.⁶ The 2016 and 2017 Form W-2s reflect income from the exercise of non-statutory options. Given the forgoing data, I estimated Ms. Phillips 2018 full year income from Starbucks, assuming no termination of \$289,730.⁷

Past Lost Earnings are then compared to actual earnings to arrive at lost earnings. Differences in benefits are also measured. Past Lost Earnings and Benefit Damages are set forth in *Exhibit 1*.

3.2. Future Lost Earnings

With respect to determining lost future earnings and benefits, I calculated expected future earnings for Ms. Phillips for ten years. These amounts have been brought to present value using the current ten-year treasury yield of 1.29 percent, see *Exhibit 2*.

I have not provided a specific time-period for this determination and have provided cumulative amounts by year. I have left the issue of the period of damages to the trier of fact.

4. CONCLUSION

Based on the documents received to date and the analysis discussed throughout this report, it is my opinion within a reasonable degree of professional certainty that Plaintiff has sustained economic damages including past lost earnings and benefits of \$739,758 as shown on *Exhibit 1*. Future lost earnings and benefits for the next ten years are shown on *Exhibit 2*.

⁵ Excludes the one-time \$41,876 Special Award that was granted, but did not vest due to the May 2018 termination, See PHILLIPS00141.

⁶ PHILLIPS 755.

⁷ Earnings for 2017 of \$281,292 grown at 3 percent = \$289,730. Future earnings increases are assumed to continue at 3 percent.

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My calculations of damages do not include any calculations for past and future pain and suffering nor do they address punitive damages, as that is a matter for the finder of fact to determine. Moreover, this report does not address other non-economic losses that may have been suffered by Plaintiff.



Stephen J. Scherf, CPA/CFF, CFE
Principal

Appendix A

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Stephen J. Scherf, CPA/ABV/CFF, CDBV, CFE, CGMA, CICA, CIRA, CTP, CVA Principal

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Biography

Mr. Scherf has provided a wide array of accounting and consulting services to clients with an emphasis on business valuations, fraud investigations, bankruptcy, and litigation matters. Mr. Scherf has testified on numerous occasions in arbitrations, depositions and Federal Court. Mr. Scherf has taught for the American Institute of Certified Public Accountants, The National Association of Certified Valuators & Analysts and other professional organizations.

Mr. Scherf's employment experience includes "Big Four," regional and a "boutique" accounting firm. In the private sector, Mr. Scherf held officer positions at a \$2.5 billion financial institution, a major real estate developer and an investment firm.

Professional Memberships

- FINRA Public Arbitrator
- American Institute of Certified Public Accountants
- Pennsylvania Institute of Certified Public Accountants
- Turnaround Management Association
- National Association of Certified Valuators & Analysts
- Association of Certified Fraud Examiners
- Association of Insolvency and Restructuring Advisors
- Institute for Internal Controls

Education

Mr. Scherf has a B.B.A. in Accounting from Temple University (1980) and a Master of Science in Finance (1986) and an Advanced Professional Certificate in Taxation (1987) from Drexel University. His education has been supplemented by various continuing education courses offered by a variety of professional organizations. He has spoken before professional and educational groups on various aspects of business valuation, litigation consulting, fraud investigations and economic damages.



Stephen J. Scherf, CPA/ABV/CFF, CDBV, CFE, CICA, CIRA, CTP, CVA

Rule 26 Disclosure – Testimony

<u><i>Date</i></u>	<u><i>Jurisdiction</i></u>	<u><i>Type</i></u>	<u><i>Matter</i></u>
2021	Superior Court of New Jersey Burlington County, New Jersey	Deposition	HRE Gas, LLC v. ARFA Enterprises, Inc., et al
2020	Court of Common Pleas Delaware County, PA	Trial	Samuel J. Patterson et al. v. Cleosie Kirkland
2021	United States District Court Eastern District of Pennsylvania	Deposition	Larry G. Dockery et al. v. Stephen E. Heretick, Inc. et al.
2020	Court of Common Pleas Dauphin County, PA	Trial	In Re: Estate of Ann P. Vonneuman, Deceased
2020	Superior Court State of Delaware	Deposition	Bobcat North America, Inc. v. Inland Waste Services, et al.
2020	United States District Court Eastern District of Pennsylvania	Deposition	Kenneth Segal et al. v. Strausser Enterprises, Inc. et al.
2020	Court of Chancery State of Delaware	Deposition	BrandRep LLC et al. v. Chad Ruskey, et al.
2019	United States District Court Eastern District of Pennsylvania	Trial	United States of America. v. Anmol Singh Kamra
2019	Private Arbitration Philadelphia, PA	Arbitration	Greate Golf Properties, LLC v., Plantation Bay Resorts, LLC et al.



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Rule 26 Disclosure – Testimony

<u><i>Date</i></u>	<u><i>Jurisdiction</i></u>	<u><i>Type</i></u>	<u><i>Matter</i></u>
2019	Court of Common Pleas Philadelphia, PA	Trial	Fernando Cozza v. Nickolas W. Jekogian, III et al.
2019	Court of Common Pleas Montgomery County, PA	Arbitration	Galan v. Wilson
2019	Superior Court of New Jersey Monmouth County, New Jersey	Deposition	Craig Conlon v. Enterprise Mobility Solutions, LLC, et al
2019	Superior Court of New Jersey Camden County, New Jersey	Deposition	Integrated Laminate Systems, Inc. v. Fessenden Hall, Inc. et al
2019	Court of Common Pleas Montgomery County, PA	Arbitration	In Re: Particle Size Technology, Inc.
2019	Court of Common Pleas Philadelphia, PA	Trial	In Re: The Estate of Regina Haber
2019	Superior Court of Arizona County of Maricopa	Deposition	FPT v. Brookfield Equinox, LLC et al.
2019	Superior Court of New Jersey Sussex County, New Jersey	Deposition	Lakeland Bancorp, Inc. v. Grant Thornton LLP, et al
2019	United States District Court Eastern District of Pennsylvania	Deposition	Universal Atlantic Systems, Inc. v. Honeywell International, Inc.



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Rule 26 Disclosure – Testimony

<u><i>Date</i></u>	<u><i>Jurisdiction</i></u>	<u><i>Type</i></u>	<u><i>Matter</i></u>
2018	Court of Common Pleas Bucks County, PA	Trial	Ilona Soyfertis v. Vlada Rubarkh et al.
2018	Court of Common Pleas Hamilton County, OH	Deposition	3B Enterprises, LLC v. National Processing Company et al. et al.
2018	Court of Common Pleas Philadelphia, PA	Trial	In Re: The Estate of Suzanne Gross.
2018	Court of Common Pleas Delaware County, PA	Trial	Diversified Holdings Corporation LLC v. The County of Delaware et al.
2018	Court of Common Pleas Philadelphia, PA	Trial	Craig Steltz v. Vincera Core Physicians et al.
2018	Superior Court of New Jersey Ocean County, NJ	Hearing	Estate of Lee Harris
2018	United States Bankruptcy Court Eastern District of Pennsylvania	Deposition	In Re: Image Masters. Lynn Feldman, Trustee v. ABN AMRO Mortgage Group, Inc. et al.
2018	Court of Common Pleas Montgomery County, PA	Trial	Joseph Evans v. Susan Evans
2018	Court of Common Pleas Berks County, PA	Trial	Kenneth and Christine Brice v. Kim Bauer



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<u><i>Date</i></u>	<u><i>Jurisdiction</i></u>	<u><i>Type</i></u>	<u><i>Matter</i></u>
2018	Superior Court of New Jersey Gloucester County, NJ	Trial	Tony Luke, Inc. v. TR Worldwide Phillyfood, LLC
2017	American Arbitration Association Clarks Summit, PA	Arbitration	Paul Murray v. Valor Federal Credit Union
2017	Court of Common Pleas Luzerne County, PA	Trial	William Seltzer. v. Butler Enterprises, Inc. et al.
2017	Court of Chancery State of Delaware	Trial	Triple H Family Limited Partnership v. Jerry Neal
2017	United States Bankruptcy Court Eastern District of Pennsylvania	Deposition	In Re: Image Masters. Lynn Feldman, Trustee v. ABN AMRO Mortgage Group, Inc. et al.
2017	Court of Chancery State of Delaware	Deposition	Triple H Family Limited Partnership v. Jerry Neal
2017	JAMS Arbitration Philadelphia, PA	Arbitration	Gary Barbera et al. Thomas Hessert et al.
2017	United States Bankruptcy Court District of New Jersey (Camden)	Trial	Customers Bank v. Roman Osadchuk.
2017	Superior Court of New Jersey Mercer County	Deposition	Mitchell L. Sussman v. Gold Gerstein Group, LLC et al.



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Rule 26 Disclosure – Testimony

<u><i>Date</i></u>	<u><i>Jurisdiction</i></u>	<u><i>Type</i></u>	<u><i>Matter</i></u>
2017	Court of Common Pleas Philadelphia, PA	Trial	Neil Chesen et al. v. Sonya Bright
2017	Superior Court of New Jersey Cape May County, NJ	Deposition	Michael McDonald et al. v. City of Wildwood
2017	United States District Court Eastern District of Pennsylvania	Trial	Dalmatia Import Group, Inc. et al. v. FoodMatch, Inc. et al.
2017	United States District Court Eastern District of Pennsylvania	Deposition	New Spring Mezzanine Capital II, LP v. Baxter McClindon Hayes et al.
2017	Court of Common Pleas Bucks County, PA	Trial	Dawn Meadows v. Kevin Meadows



Stephen J. Scherf, CPA/ABV/CFF, CDBV, CFE, CICA, CIRA, CTP, CVA
Rule 26 Disclosure – Publications

<u><i>Date</i></u>	<u><i>Publication</i></u>	<u><i>Title</i></u>
2016	Law360	<i>Using a Commercial Success Declaration in an IPR</i>
2011	National Litigation Consultant's Review	<i>Fair Value Accounting's Impact on Damages</i>
2010	National Litigation Consultant's Review	<i>Business Valuation in the "But For" World</i>



Stephen J. Scherf, CPA/ABV/CFF, CDBV, CFE, CICA, CIRA, CTP, CVA
Rule 26 Disclosure – Speaking Engagements

<u><i>Date</i></u>	<u><i>Description</i></u>	<u><i>Location</i></u>
2016	Pennsylvania Bar Institute Advanced Piercing the Corporate Veil	Philadelphia, PA
2015	Pennsylvania Bar Institute Tales from the Shareholder Wars	Philadelphia, PA Mechanicsburg, PA
2015	Pennsylvania Bar Institute Minority Shareholder Freeze out Litigation	Philadelphia, PA
2015	Pennsylvania Bar Institute Commercial Litigation Institute – Damages and Remedies	Philadelphia, PA
2015	National Business Institute Handling the Sale of a Business	Philadelphia, PA
2014	National Association of Certified Valuation Analysts Solvency and Insolvency Testing	Webinar
2014	National Association of Certified Valuation Analysts Advanced Valuation Applications and Models	New Orleans, LA
2014	Pennsylvania Institute of Certified Public Accountants AICPA Testing for Goodwill Impairment Guide	Philadelphia, PA
2014	Montgomery County Bar Association Intersection of Forensic Accounting and Bankruptcy	Norristown, PA



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Rule 26 Disclosure – Speaking Engagements

<u><i>Date</i></u>	<u><i>Description</i></u>	<u><i>Location</i></u>
2013	Rutgers School of Law Business Divorce	Camden, NJ
2013	National Association of Certified Valuation Analysts Advanced Valuation Applications and Models	Chicago, IL
2013	Pennsylvania Bar Institute Advanced Piercing the Corporate Veil	Philadelphia, PA
2013	Accounting for Lawyers Schnader Harrison Segal & Lewis LLP	Philadelphia, PA
2013	Pennsylvania Bar Institute Business Divorce	Mechanicsburg, PA
2012	National Association of Certified Valuation Analysts Advanced Valuation Applications and Models	Philadelphia, PA
2011	Pennsylvania Institute of Certified Public Accountants Ethics and Other Issues – An Update	Valley Forge, PA
2011	Pennsylvania Institute of Certified Public Accountants Impairment Testing for Financial Reporting	Harrisburg, PA
2011	National Association of Certified Valuation Analysts Advanced Valuation Applications and Models	Orlando, FL



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Rule 26 Disclosure – Speaking Engagements

<u><i>Date</i></u>	<u><i>Description</i></u>	<u><i>Location</i></u>
2011	National Business Institute Accounting 101 for Attorneys	Allentown, PA
2010	National Association of Certified Valuation Analysts Advanced Valuation Applications and Models	Chicago, IL
2010	Pennsylvania Institute of Certified Public Accountants Fair Value Measurements	Harrisburg, PA
2010	American Society of Appraisers - Southern New Jersey Chapter Lost Profits and Business Destruction Damage Claims	Cherry Hill, NJ
2010	Office of Auditor Accounts – State of DE The Expert’s Role and Testimony	Dover, DE

Appendix B

John Minnebo v. E.I. Du Pont De Nemours and Company
Documents and Information Considered
Appendix B

Document Description	Bates Range	
Second Amended Complaint		
Plaintiff's Answers and Objections to Defendant's First set of Interrogatories Directed to Plaintiff		
Fidelity Statements	PHILLIPS00033	PHILLIPS00044
2018 Stock Grant	PHILLIPS00141	
2018 W-2 and Earnings Statement	PHILLIPS00722	PHILLIPS00725
2019 W-2 and Earnings Statement	PHILLIPS00726	PHILLIPS00728
2020 W-2 and Earnings Statement	PHILLIPS00757	PHILLIPS00759
Raymour and Flanagan Offer Letter	PHILLIPS00730	
2017 Performance Award	PHILLIPS00753	PHILLIPS00756
2016 W-2	PHILLIPS00142	
2017 W-2	PHILLIPS00731	PHILLIPS00732
2018 W-2	PHILLIPS00733	PHILLIPS00734
National Bureau of Vital Statistics - United States Life Tables, 2017		
www.treasury.gov		
www.federalreserve.gov		

Exhibits

Shannon Phillips v. Starbuck Corporation
Past Lost Earnings and Benefits
Exhibit 1

Start Date	End Date	[1] Expected Earnings from Starbucks	[2] Actual Earnings	[3] Lost Earnings	[4] Medical Premium Differential	[5] 401(k) Plan Differential	[6] Nonvested Stock Grants	[7] Total Lost Benefits	[8] Past Lost Earnings and Benefits
5/10/2018	12/31/2018	\$ 187,332	\$ 55,591	\$ 131,741	\$ 1,900	\$ 3,747	\$ 180,418	\$ 186,065	\$ 317,806
1/1/2019	12/31/2019	298,422	138,096	160,326	1,900	\$ 5,968	-	7,868	168,194
1/1/2020	12/30/2020	307,375	146,456	160,919	1,900	\$ 6,147	-	8,047	168,966
1/1/2020	6/30/2021	158,298	77,622	80,676	950	3,166	-	4,116	84,792
Total		\$ 951,427	\$ 417,765	\$ 533,662	\$ 6,650	\$ 19,029	\$ 180,418	\$ 206,097	\$ 739,758

[1] Plaintiff's expected earnings from Starbucks grown at 3 percent per year. 2018 starting rate of \$289,730 prorated for 2018 from May 10, 2018 to end of year (236 days).

[2] Actual earnings from Raymours Furniture Co. Future year increases estimated at 6 percent per year, based upon growth in earnings between 2019 and 2020.

[3] Item [1] minus [2].

[4] Estimated based upon difference in Employer provided healthcare per W-2s. See also, Answers to Interrogatories.

[5] According to W-2s Plaintiff generally set aside 4 percent of earnings for 401(k) plan. Amounts estimated at fifty percent (50%) of match on 4 percent of lost and actual earnings.

[6] Nonvested stock grants. See PHILLIPS00141 and PHILLIPS00033 - PHILLIPS00044. I note that at the current value of \$113.51 per share the 4,867 shares would be worth \$552,453.17.

[7] Item [4], [5] and [6].

[8] Item [3] and [7].

Shannon Phillips v. Starbuck Corporation
Present Value of Future Lost Earnings and Benefits
Exhibit 2

Start Date	End Date	Days	[1] Expected Earnings from Starbucks	[2] Estimated Future Earnings	[3] Lost Earnings	[4] Medical Premium Differential	[5] 401(k) Plan Differential	[6] Total Lost Benefits	[7] Past Lost Earnings and Benefits	[8] Present Value of Lost Wages and Additional Medical Costs	[9] Cumulative Total
7/1/2021	12/31/2021	184	\$ 158,298	\$ 77,622	\$ 80,676	\$ 950	\$ 3,166	\$ 4,116	\$ 84,792	\$ 84,246	\$ 84,246
1/1/2022	12/31/2022	365	326,094	164,558	161,536	1,900	6,522	8,422	169,958	166,712	250,958
1/1/2023	12/31/2023	365	335,876	174,431	161,445	1,900	6,718	8,618	170,063	164,691	415,649
1/1/2024	12/31/2024	366	345,953	184,897	161,055	1,900	6,919	8,819	169,875	162,414	578,063
1/1/2025	12/31/2025	365	356,331	195,991	160,340	1,900	7,127	9,027	169,367	159,866	737,929
1/1/2026	12/31/2026	365	367,021	207,751	159,271	1,900	7,340	9,240	168,511	157,032	894,961
1/1/2027	12/31/2027	365	378,032	220,216	157,816	1,900	7,561	9,461	167,277	153,897	1,048,858
1/1/2028	12/31/2028	366	389,373	233,429	155,944	1,900	7,787	9,687	165,632	150,443	1,199,301
1/1/2029	12/31/2029	365	401,054	247,434	153,620	1,900	8,021	9,921	163,541	146,652	1,345,953
1/1/2030	12/31/2030	365	413,086	262,280	150,805	1,900	8,262	10,162	160,967	142,505	1,488,458
1/1/2031	12/31/2031	365	425,478	278,017	147,461	1,900	8,510	10,410	157,871	137,984	1,626,443
Total			\$ 3,896,596	\$ 2,246,626	\$ 1,649,970	\$ 19,950	\$ 77,932	\$ 97,882	\$ 1,747,852	\$ 1,626,443	

[1] Plaintiff's expected earnings from Starbucks grown at 3 percent per year.

[2] Plaintiff's earnings from Raymours Furniture Co. expected future earnings grown at 6 percent per year.

[3] Item [1] minus [2].

[4] Estimated based upon difference in Employer provided healthcare per W-2s. See also, Answers to Interrogatories.

[5] According to W-2s Plaintiff generally set aside 4 percent of earnings for 401(k) plan. Amounts estimated at fifty percent (50%) of match on 4 percent of lost and future earnings.

[6] Item [4] and [5].

[7] Item [3] and [6].

[8] Amounts present valued at 10 year treasury yield of 1.29% as of May 21, 2021.

[9] Cumulative totals by year.